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BEFORE THE ARIZONA CORPORATION COMMISSION

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KRISTIN K. MAYES
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IN THE MATTER OF THE JOINT APPLICATION) DOCKET NOS. E-01933A-06-0196
OF TUCSON ELECTRIC POWER COMPANY) E-01461A-06-0196
AND TRICO ELECTRIC COOPERATIVE, INC.)
FOR AN ORDER APPROVING A BORDERLINE)
AGREEMENT.)
STIPULATION REGARDING
DEPRECIATION OF
TRICO FACILITIES

Tucson Electric Power Company ("TEP") and Trico Electric Cooperative, Inc. ("Trico"), collectively the "Joint Applicants", hereby stipulate as follows:

On March 27, 2006, TEP and Trico filed a joint application for approval of an Electric Service Authorization Agreement ("Borderline Agreement") for Trico to provide electric service to certain real property located within the certificated service territory of TEP. The Borderline Agreement authorizes Trico to enter the subject property, and construct and maintain electric service lines and facilities necessary to serve the subject property until such time that TEP notifies Trico of its intent to provide service to the property. Under Section 6 of the proposed Borderline Agreement, upon providing notice of its intention to provide service, TEP will purchase all of Trico's electric lines and facilities within the subject area which are compatible with TEP's electric system and which can be utilized by TEP to serve the area "at original cost, depreciated at the agreed upon rate per year."

On July 28, 2006, the Commission issued Decision No. 68850 approving the proposed Borderline Agreement between TEP and Trico, but requiring that TEP and Trico file a stipulation that "the agreed upon rate per year" for depreciation of Trico's electric lines and facilities in Section 6 of the Borderline Agreement will be the "Commission-approved rates established in Trico's most recent rate case for each type of property." [See Decision 68850, paragraph 12].

1 The Joint Applicants hereby provide notice of their agreement and understanding that "the
2 agreed upon rate per year" for depreciation of Trico's electric lines and facilities in Section 6 of
3 the Borderline Agreement approved by Decision No. 68850 will be the "Commission-approved
4 rates established in Trico's most recent rate case for each type of property."
5

6 RESPECTFULLY SUBMITTED this 18th day of September 2006.
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8 TUCSON ELECTRIC POWER COMPANY
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27 Manager of Technical Services

1 Original and 13 copies of the foregoing
2 filed this 18th day of September 2006 with:

3 Docket Control
4 Arizona Corporation Commission
5 1200 West Washington Street
6 Phoenix, Arizona 85007

7 Copy of the foregoing hand-delivered/mailed
8 this 18th day of September 2006 to:

9 Chairman Jeff Hatch-Miller
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12 Phoenix, Arizona 85007

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By 